
OLR Bill Analysis

sSB 1115

AN ACT CONCERNING A MUNICIPAL OPTION TO PROVIDE AN ALTERNATIVE METHOD OF PROPERTY TAX ASSESSMENT FOR COMMERCIAL PROPERTIES.

SUMMARY:

This bill allows municipalities to temporarily assess commercial property based on the net profits their businesses on the property generate instead of the property's resale or fair market value, as current law requires. Municipalities may do this only to help property owners lease space to new or expanding businesses or lease or sell partially or totally vacant commercial property. In either case, municipalities may assess the property based on net profits if they, the owners, and the occupants agree on the assessment method.

A municipality that chooses to give commercial property owners the option of having their property assessed based on the occupant's net profits must first adopt an implementing ordinance containing provisions the bill specifies. Among other things, the ordinance must specify how the municipality would assess commercial property based on net profits and the period for phasing out these assessments and replacing them with those based on fair market value, as current law requires (CGS § 12-62a).

EFFECTIVE DATE: July 1, 2013 and applicable to assessment years beginning on or after October 1, 2013.

IMPLEMENTING ORDINANCE

Municipalities that choose to assess commercial property based on the occupants' profits must do so by adopting an ordinance that includes the bill's requirements. The ordinance must specify the assessment method and apply it to the occupants' profits for the previous calendar year. Under the bill, that year would be the one

preceding the annual October 1 assessment date.

In addition, the ordinance must:

1. describe the commercial properties that qualify for profit-based assessments;
2. allow the municipality to use the method only if it, the property owner, the business occupants, and any other party the method affects agree to it;
3. describe how the rate for assessing the property based on net profits will be determined;
4. specify how the owners of eligible commercial property may apply for a profit-based assessment, including the documents they must submit to show how it will benefit them and the municipality; and
5. specify the time for phasing out profit-based assessments and replacing them with market value assessments, as the law otherwise requires.

COMMITTEE ACTION

Finance, Revenue and Bonding Committee

Joint Favorable Substitute

Yea 49 Nay 0 (04/12/2013)